CEO REPORT

February 6, 2020
FEBRUARY BOARD MEETING
STRATEGIC / SIGNIFICANT ITEMS

FOR APPROVAL:
• Power Purchase Agreement with LI Solar Generation
• Authorizations related to Letters of Credit and Other Bank Products

FOR COMMITTEE:
• 2019 Work Plan Accomplishments
• 2020 Work Plan
NEW SOLAR FARM ON LONG ISLAND TO POWER 4,200+ HOMES

- 22.9 megawatts (MW)
- Commercial Operation: December 2020
- Powering 4,200+ homes
- Developed by: Long Island Solar Generation, LLC, a joint venture between NextEra Energy Resources and National Grid Ventures
- Location: Calverton, Town of Riverhead
- Cost to Average Residential Customer: 16 cents per month

LIPA pipeline of over 187MW of utility-scale solar projects with 106MW in service and 81MW under development*
MEETING NEW YORK’S CLEAN ENERGY GOALS

Long Island’s Share of Statewide Goals

- **6,000 MEGAWATTS** Distributed Solar (2025)
- **70 PERCENT** Renewable Energy (2030)
- **3,000 MEGAWATTS** Energy Storage (2030)
- **9,000 MEGAWATTS** Offshore Wind (2035)
- **100 PERCENT** Carbon-Free Electric (2040)
LIPA will far exceed our share of New York’s 6,000MW distributed solar goal by 2025.
Community solar is part of meeting NYS’ distributed solar goal
Over last two years, 3MW of LI community solar developed
LIPA undertook a careful review of community solar project costs and incentives with industry input
LIPA to offer new community solar programs with attractive economics for viable projects

Long Island Distributed Solar
(Projects in-service)

Total: 598MW

Behind-the-meter rooftop solar
3MW Community solar
Standard Feed-in-tariffs

Carports
NEW COMMUNITY SOLAR PROPOSALS

New incentives for VDER community solar projects

- Increase community credit to 5¢ per kWh
- Establish a “community adder” rebate of $200/kW for projects < 750kW
- Offer PSEG Long Island consolidated billing with net crediting by January 2021 to reduce program administration costs for developers by approx. 1.5¢
- Review community credit based on FIT V auction results in Q42020

PSEG Long Island Solar Communities

- Feed-in Tariff (FIT) V auction for 25MW DC of community solar
- First 20MW dedicated exclusively to low-and moderate-income (LMI) customers consistent with New York’s landmark climate act
- If successful, option to expand from 25MW to 40MW

Goal: At least double Long Island’s community solar market and provide discounts to over 3,000 low-and moderate-income customers
GROWING LONG ISLAND COMMUNITY SOLAR

- New proposals will more than double the community solar pipeline
- 93% of community solar capacity in the pipeline are from projects above 1MW

New! PSEG Long Island Solar Communities Program

Community Solar Projects in Pipeline
- 40MW

Community Solar Projects Completed
- 3MW
- 34MW

CEO Report – February 2020
Feed-in Tariff V will procure 25 to 40MW DC of new community solar primarily dedicated to low-income customers

- **Competitive auction for 20-year fixed price power purchase agreements**
  - Max price starts at 16.4 cents (clearing price of 200 kW to 1MW projects from FIT III)
  - Projects awarded in multi-round auction with each round set by pre-published demand curve
  - Successful bidders will be paid bid price, with lowest cost bids and smallest projects in each round selected first
  - Program cost will depend upon auction outcome – designed to achieve a MW goal rather than establish a pre-determined price
  - Projects less than 750kW eligible for $200/kW rebate
- Program opens June 1, 2020; first awards October 2020 and quarterly thereafter
- Project sizes of 200 kW to 5MW
- First 20MW exclusively dedicated to LMI customers
- Option to expand program from 25MW to 40MW, if successful. Additional 15MW will be split between LMI and other customers
- PSEG Long Island cost of administering the program is minimal
- 7% bill savings to participating customers (on top of existing LMI discounts of $25-$65 per month)
## LIPA Incentivizes Community Solar

<table>
<thead>
<tr>
<th>Clean Energy Programs</th>
<th>LIPA Cost to Purchase Clean Energy per kWh</th>
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<tbody>
<tr>
<td>Residential Net Metered Solar</td>
<td>21 cents</td>
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<tr>
<td>VDER small community solar (&lt;750kW)</td>
<td><strong>18.5 cents</strong> (5-cent credit plus $200/kW rebate)</td>
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<td>Small Solar Communities (&lt;750kW)</td>
<td><strong>Up to 18.4 cents</strong> (auction plus $200/kW rebate)</td>
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<td>VDER large community solar (750kW – 5MW)</td>
<td><strong>16.5 cents</strong> (VDER + 5-cent community credit)</td>
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<tr>
<td>Large Solar Communities FIT auction (750kW – 5MW)</td>
<td><strong>Up to 16.4 cents</strong> (Determined by auction result)</td>
</tr>
<tr>
<td>Solar FIT III (200kw to 1MW)</td>
<td><strong>16.4 cents</strong> (20MW auction closed Feb 1, 2020)</td>
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<tr>
<td>VDER Long Island Power Supply + RECs</td>
<td><strong>11.5 cents</strong></td>
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<tr>
<td>Offshore Wind</td>
<td><strong>10 cents</strong></td>
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**New**
NEXT STEPS

• Tariff proposal and SAPA Notice publication in February

• Adjust community credit in February

• Board approval of Solar Communities FIT and <750kW rebate in May

• Bi-monthly working group with solar industry to review community solar programs

• Community solar program review at year end using FIT V auction results